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## **UK , U of L tout savings - lawmaker: It's a start They say they've cut \$183 million**

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Kentucky's two largest universities say they've saved a combined \$183 million since 2002 through efficiencies, such as cutting back window-washing at the University of Louisville and taking out the phones in University of Kentucky dorm rooms.

That total also includes savings from merging academic programs, the elimination of faculty and staff positions and the altering or slashing of some employee benefits over the last seven years.

UK and U of L have outlined such cost-cutting measures as well as ways they've tried to generate more revenue, in memos they dispatched to the Kentucky Council on Postsecondary Education last week.

The council, which requested the documents, will use the information as a starting point to help bridge what officials call a communications gap between the universities and state lawmakers who help control public funding of those institutions.

"There are some expectations, understandably, about how the universities are spending their money and whether they are spending it, for lack of a better term, efficiently and effectively," said Robert L. King, president of the council. "The universities, in their own minds, obviously think that they are."

Several lawmakers told college leaders earlier this month at a Council on Postsecondary retreat that they wanted the universities to be more transparent about how they spend money, particularly funds used to teach students.

"Not only is it not clear what they've done to trim the fat, but there's no transparency in how they actually spend the money the General Assembly allots them," said Rep. Carl Rollins, D-Midway and chairman of the House Education Committee. "We don't know exactly what they do with what we give them."

Rollins, who was at the retreat, said the universities' letters about efficiencies are a start but more important work lies ahead.

"What I'm really interested in is some kind of across-the-board standardized reporting of efficiency indicators in terms of completing degrees," he said. That includes factors such as how much the university spends on each academic program, on each student who graduates in four years and how much out-of-state students are paying versus Kentucky residents, he said.

Big debates looming

Finding ways to measure those areas will probably prompt major debates in the coming months, particularly as a task force on college affordability appointed by Gov. Steve Beshear looks into the issue.

All this comes as the eight public universities and the Kentucky Community and Technical College System have absorbed a collective \$160 million cut in taxpayer funds over the last 18 months as the economy tanked.

Now, colleges and other state agencies are bracing for another potential round of budget cuts for the 2010 fiscal year that begins July 1. State economists say Kentucky could face a \$1 billion budget shortfall, and lawmakers are gearing up for a possible special legislative session next month to deal with it.

In the meantime, college leaders will look at more ways to streamline expenses and consider ways to centralize some services.

The council already manages the Kentucky Virtual Library, which provides the state's academic libraries with electronic copies of expensive journals and publications so each school doesn't have to buy its own.

Other departments, such as college legal services, management of endowment funds and campus energy management, also could be centralized, King said.

"We will explore that in coming days and weeks," he said.

King said the first step was to collect from the public universities information about what they've already done to save money.

"There has been a consistent commitment by the campuses to be careful with the spending and find ways to reduce it without compromising academics," King said.

The council probably will make public the institutions' memos next month, he said.

Finding campus savings

At the request of the Herald-Leader, UK and U of L released their letters, which revealed a range of ways they've tried to save money, from tens of thousands of dollars by renegotiating contracts with vendors, to millions of dollars through energy-efficiency measures.

"When I became president in 2001, I knew that a \$1.2 billion organization could yield savings through more strategic decisions and better processes," UK President Lee T. Todd Jr. wrote in the introduction to the four-page memo. "But our work quickly became motivated by necessity as much as by vision."

Some of the trimming has been felt by faculty and staff.

UK reduced expenses for retiree medical benefits by \$13.6 million and now requires some offices that generate revenue to pick up the tab for the fringe benefits of their workers. That saves \$8 million in general funds, according to the memo.

UK has eliminated 71 faculty positions and 117 staff jobs since 2002, which freed up \$11.6 million. And employees will go a second straight year without across-the-board pay raises.

U of L employees also won't receive salary increases this year. Each worker got a \$700 increase in 2008-09.

In its memo, U of L boasts multimillion-dollar savings by restructuring its debt payments and slashing utility costs.

The letter also noted smaller trims - the university equivalent of grabbing loose change out of the couch cushions.

For instance, U of L estimates saving \$394,000 a year since installing a robotic information retrieval system in the Ekstrom Library in 2006. The system consists of two cranes that grab a requested book from one of 7,444 steel bins and deliver it to the patron at a pick-up station within seconds. The system stores 600,000 volumes, which has eliminated the need for a costly library annex.

In another move, the university pays for window washing once every two years instead of annually to save \$30,000.

At Friday's council meeting in Murray, chairman and former Kentucky Gov. Paul Patton urged universities to keep scrimping while improving their communication with lawmakers.

"There needs to be some kind of willingness ... to modify behavior a little bit and to recognize that we're depending on the General Assembly," Patton said. "You just can't say we're solving all our problems by keeping doing what we've been doing."

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Here is a sampling of specific savings mentioned by UK and U of L .

UK : \$88.5 million

\$5.1 million saved since 2004 by outsourcing office-supply purchasing through Office Max.

\$840,000 saved by removing land-line telephones from residence halls.

\$3 million saved by requiring certain departments to rely more or completely on revenues they generate.

\$16 million redirected each year through restructuring of academic units, such as downgrading the College of Human Environmental Sciences to a school within the College of Agriculture in 2003 and merging other academic units.

\$18.5 million freed up from the 2008-09 personnel budget because of a change in employees' vacation benefits.

U of L : \$95 million

\$150,000 saved each year on the university's wastewater fee bill by creating rain gardens on the campus and using pervious concrete for new construction.

\$75,000 saved by renegotiating a travel agency contract with Egencia LLC, which lowered booking fees from \$30 to \$7 and international travel fees from \$50 to \$30.

\$3.1 million in general funds saved by paying for university fund-raising operations with private donations.

\$1.2 million saved on telephone bills by implementing an in-house digital phone system across the university.

\$2,000 saved on electricity bills each year by using motion-senor devices that shut down vending machines when no one is around.